

DECLARATION OF GREGORY W. MACCORDY

Pursuant to 28 U.S.C. § 1746, the undersigned states as follows:

1. My name is Gregory W. MacCordy. I am over twenty-one years of age and have personal knowledge of the matters set forth herein.
2. I am employed as an Industry Expert and Securities Examiner with the New York Regional Office of the U.S. Securities and Exchange Commission ("Commission") located at 200 Vesey Street, New York, NY 10281. I was formerly employed as a bank auditor, Special Agent of the Federal Bureau of Investigation, investment manager and credit consultant with various organizations from 1979 through 2014.
3. Amounts referred to in this Declaration are approximate and have been rounded.
4. As an Industry Expert and Securities Examiner for the Commission, I was asked to analyze the limited partnership agreements of seven limited partnerships, all connected to Jay Peak, Inc. ("Jay Peak"), a Vermont ski resort. The limited partnership agreements I looked at are: (1) Jay Peak Suites L.P. Offering ("Phase I"); (2) Jay Peak All Suite Hotel & Ancillary Projects ("Phase II"); (3) Jay Peak Penthouse Suites L.P. ("Phase III"); (4) Jay Peak Golf and Mountain Suites L.P. ("Phase IV"); (5) Jay Peak Lodge and Townhouses L.P. ("Phase V"); (6) Jay Peak Hotel Suites Stateside L.P. ("Phase VI"); (7) Jay Peak Biomedical Research and Development Center L.P. ("Phase VII"); and (8) the limited partnership agreements provided as part of the Amended Phase VII offering materials.
5. First, I was asked to analyze whether pursuant to the limited partnership agreements did the general partners have the right to mortgage or encumber partnership assets in transactions not involving real property?
6. Second, I was asked to analyze whether pursuant to the limited partnership agreements did the general partners have the right to commingle funds of the Partnerships in transactions not involving real property?
7. Third, I was asked to analyze whether pursuant to the limited partnership agreements did the general partner of Phase II have the right to deposit Phase II funds into a non-Bank?



8. Fourth, I was asked to analyze whether pursuant to the limited partnership agreements did the general partner have the right to borrow from the partnerships?

I. SUMMARY OF MY FINDINGS

A. The General Partners Do Not Have the Right to Mortgage or Encumber Partnership Assets in Non-Real Property Transactions

9. The limited partnership agreements, Section 4.01, prohibited the general partners, without consent from the limited partners, from mortgaging or encumber partnership assets in transactions not involving real property. The general partners mortgaged and encumbered financial partnership assets through margin loans at Raymond James and a personal line of credit at Citibank. The mortgaging and encumbering of financial assets violated the partnership agreements, which prohibited the mortgaging or encumbering of partnership property in non-real property transactions.

B. The General Partners Do Not Have the Right to Commingle Partnership Assets

10. The limited partnership agreements, Section 5.02, prohibited the general partners, without consent from the limited partners, from commingling partnership assets in transactions not involving real property. The general partners commingled partnership assets through margin loans at Raymond James and by placing funds of multiple partnerships in the same account. The commingling of partnership funds violated the partnership agreements, which prohibited the commingling of partnership property.

C. The Phase II General Partner Did Not Have the Right to Deposit Phase II Funds Into a Non-Bank

11. The Phase II partnership agreement, Section 13.01, prohibited the general partner, without consent from the limited partners, from depositing Phase II funds into a non-bank and required the general partner to use a bank whose deposits are insured by an agency of the federal government ("FDIC Insurance"). The Phase II general partner deposited Phase II funds into a non-bank and into accounts without FDIC Insurance by placing Phase II funds into accounts at a brokerage firm, Raymond James & Associates Inc. ("Raymond

James"). By depositing the Phase II funds at Raymond James this violated the Phase II partnership agreement, which prohibited the placing of Phase II funds into a non-bank and required the general partner to use a bank whose deposits are insured by the FDIC.

B. The General Partners Do Not Have the Right to Borrow from Partnership Assets

12. The limited partnership agreements, Section 5.02, prohibited the general partners, without consent from the limited partners, from borrowing partnership assets. To the extent, the general partners borrowed partnership assets this would violate the partnership agreements, which prohibited the general partner from borrowing partnership property.

II. The General Partners Could Not Mortgage or Encumber Partnership Assets

13. Each of the Partnership Agreements defined Partnership Property as real property.¹ Under financial definitions and market conventions, real property includes land and buildings, and anything affixed to the land, and leases to such. Real property does not include financial assets such as cash and securities deposited or held in a financial institution.
14. Moreover, pursuant to Section 4.01. Right to Mortgage of the Partnership Agreements for Phases II through VIII, the General Partner, with the consent of the limited partners, could only mortgage or encumber partnership assets by mortgaging or encumbering Real Property.² Stated another way, the General Partners could not mortgage or encumber financial assets such as accounts held at financial institutions such as Raymond James and Citibank.
15. Based on the declaration of Mark Dee and the exhibit attached thereto, the general partners mortgaged and encumbered partnership assets through margin loans at Raymond James and a personal line of credit at Citibank. In addition, I noted through the various Credit Agreements and account statements that the general partnership mortgaged and encumbered partnership assets through

¹ In addition, Phase VII (in both the original and amended) expanded partnership property to also include the limited partnership as a party to the Joint Venture agreement and to the distribution rights agreements.

² For Phase I, without consent by the limited partners, the right to mortgage was limited to circumstances where the Resort Owner must step in and purchase one or more Interests in the Partnership.

margin loans at Raymond James.

16. The mortgaging and encumbering of financial assets violated Section 4.01 of the partnership agreements, which prohibited the mortgaging or encumbering of partnership property in transactions not involving real property.

III. The General Partners Could Not Commingle Partnership Assets

17. Pursuant to Section 5.02 of the Partnership Agreements, the General Partner cannot, without consent from the limited partners, commingle partnership funds with the funds of any Person.³
18. Based on the declaration of Mark Dcc, the partnerships commingled funds with the funds of other Persons by placing partnership funds into margin loan accounts at Raymond James and by placing funds of multiple partnerships in the same account.
19. The commingling of partnership funds violated Section 5.02 of the Partnership Agreements, which prohibited the commingling of partnership property.

IV. The Phase II General Partner Placed Phase II Funds Into a Non-Bank & Accounts Without FDIC Insurance

20. Pursuant to Section 13.01 of the Phase II Partnership Agreement, "the General Partner shall deposit the funds of the Partnership in the name of the Partnership in such separate bank account or accounts, and with a bank or banks whose deposits are insured by an agency of the federal government. . . ."
21. I have reviewed account statements that show that the Phase II General Partner placed Phase II partnership funds at Raymond James, which is not a bank and is not insured by the FDIC. Based on a March 7, 2015 phone interview of Mark Barracca, with Raymond James Legal Department, and the Raymond James 2015 Annual Report, Raymond James is a broker-dealer and its accounts are not FDIC insured.
22. I have reviewed account statements for Chittenden Trust, a division of People's United Bank, and Raymond James, which shows transferred funds (deposits)

³ Generally, in the Partnership Agreements the term "Person" is defined as an individual or entity, such as, but not limited to, a corporation, general partnership, joint venture, limited partnership, limited liability company, trust, cooperative, or association and the heirs, executors, administrators, legal representatives, successors, and assigns of the Person where the context so requires.

from Chittenden Trust bank account of Jay Peak Hotel Suites LP into Raymond James, a broker-dealer, account of Jay Peak Hotel Suites LP.

23. By depositing the Phase II funds at Raymond James this violated Section 13.01 of the Phase II partnership agreement, which prohibited the placing of Phase II funds into a non-bank and required the general partner to use a bank whose deposits are insured by the FDIC Insurance. Based on a March 7, 2015 phone interview of Mark Barracca, with Raymond James Legal Department, and the Raymond James 2015 Annual Report, Raymond James is a broker-dealer and its accounts are not FDIC insured.

V. The General Partners Could Not Borrow Partnership Assets

24. Pursuant to Section 5.02 of the Partnership Agreements, the General Partner, without consent from the limited partners, could not borrow from the Partnership.
25. To the extent, the general partners claim they could borrow partnership assets this would violate Section 5.02 of the Partnership Agreements, which prohibited the general partner from borrowing partnership property.

VI. Documents Relied Upon

26. This declaration is based upon my personal review of following documents:
- a. A Credit Agreement in the name of Jay Peak Hotel Suites L.P. as creditor with Raymond James & Associates, Inc. as creditor, dated June 18, 2008, with margin balance or other indebtedness in account [REDACTED] 6363 and [REDACTED] 6370; with creditor having the a general lien and right of setoff against the additional accounts of [REDACTED] 6365 (determined to be associated with Jay Peak Hotel Suits L.P. 1) and [REDACTED] 6370 (determined to be associated with Jay Peak Hotel Suites L.P. 2); RJA-Quiros000194 - RJA-Quiros000196.
 - b. A Credit Agreement in the name of Jay Peak Hotel Suites L.P. as creditor with Raymond James & Associates, Inc. as creditor, dated February 6, 2009, with margin balance or other indebtedness in account [REDACTED] 60726; with creditor having the a general lien and right of setoff against the additional accounts of [REDACTED] 6365 (determined to be associated with Jay Peak Hotel Suits L.P. 1) and [REDACTED] 6370

(determined to be associated with Jay Peak Hotel Suites L.P. 2);

RJA-Quiros000209 - RJA-Quiros000211.

- c. A Credit Agreement in the name of Jay Peak Hotel Suites L.P. as creditor with Raymond James & Associates, Inc. as creditor, dated October 1, 2010, with margin balance or other indebtedness in account [REDACTED]0726; with creditor having the a general lien and right of setoff against the additional accounts of [REDACTED]6370 (determined to be associated with Jay Peak Hotel Suites L.P. 2), [REDACTED]4710 (determined to be associated with Jay Peak, Inc.), [REDACTED]9503 (determined to be associated with Jay Peak Penthouse Suites L.P.), and [REDACTED]4772 (determined to be associated with Q Resorts, Inc.); RJA-Quiros000272 - RJA-Quiros000274.
- d. A Credit Agreement in the name of Jay Peak Hotel Suites L.P. as creditor with Raymond James & Associates, Inc. as creditor, dated February 10, 2011, with margin balance or other indebtedness in account [REDACTED]0726; with creditor having the a general lien and right of setoff against the additional accounts of [REDACTED]9776 (determined to be associated with Jay Peak Golf & Mountain Suits L.P.), [REDACTED]9503 (determined to be associated with Jay Peak Penthouse House Suits L.P.), [REDACTED]4710 (determined to be associated with Jay Peak), and [REDACTED]4772 (determined to be associated with Q Resorts); RJA-Quiros000489 - RJA-Quiros000491.
- e. A Credit Agreement in the name of Jay Peak Hotel Suites L.P. as creditor with Raymond James & Associates, Inc. as creditor, dated August 25, 2011, with margin balance or other indebtedness in account [REDACTED]0726; with creditor having the a general lien and right of setoff against the additional accounts of [REDACTED]1581 (determined to be associated with Jay Peak Lodge & Townhouses L.P.), [REDACTED]1174 (determined to be associated with Jay Construction Management, Inc.), [REDACTED]9776 (determined to be associated with Jay Peak Golf & Mountain Suits L.P.), [REDACTED]9503 (determined to be associated with Jay Peak Penthouse House Suits L.P.), [REDACTED]4710 (determined to be associated

- with Jay Peak), ■■■■4772 (determined to be associated with Q Resorts); RJA-Quiros000504 - RJA-Quiros000506.
- f. A Credit Agreement in the name of Jay Peak Inc. as creditor with Raymond James & Associates, Inc. as creditor, dated February 28, 2012, with margin balance or other indebtedness in account ■■■■2589; with creditor having the a general lien and right of setoff against the additional accounts of ■■■■1581 (determined to be associated with Jay Peak Lodge & Townhouses L.P.), and ■■■■3066 (determined to be associated with Jay Hotel Suits Stateside L.P.); RJA-Quiros-008116 - RJA-Quiros-008118.
- g. A Credit Agreement in the name of Jay Peak Inc. as creditor with Raymond James & Associates, Inc. as creditor, dated August 5, 2013, with margin balance or other indebtedness in account ■■■■2589; with creditor having the a general lien and right of setoff against the additional accounts of ■■■■1581 (determined to be associated with Jay Peak Lodge & Townhouses L.P.), ■■■■8224 (determined to be associated with Jay Peak Biomedical Research Park L.P.), ■■■■3066 (determined to be associated with Jay Hotel Suits Stateside L.P.), ■■■■1174 (determined to be associated with Jay Construction Management), and ■■■■4772 (determined to be associated with Q Resorts); RJA-Quiros009523 - RJA-Quiros009525.
- h. Client Agreements Jay Peak Hotel Suits LP 1 dated June 17, 2008; account number ■■■■3650⁴. RJA-Quiros000187 - RJA-Quiros000188.
- i. Client Agreements Jay Peak Hotel Suits LP 2 dated June 17, 2008; account number ■■■■3700⁴. RJA-Quiros000223 - RJA-Quiros000224.
- j. Client Agreements Jay Peak Hotel Suits L.P. dated February 6, 2009; account number ■■■■7260, RJA-Quiros000425 - RJA-Quiros000429.
- k. Raymond James account statement for Jay Peak Hotel Suites LP, account number ■■■■6365, dated June 16 to June 30, 2008; noting that

⁴ I note for above items h, i and j that the account opening documents had one extra zero at the end of the account number than the account statements and the account number used in the Credit Agreements.

this account statement corresponds to the Client Agreement in Item h above. Bates numbers RJA-Quiros001340 to RJA-Quiros001373.

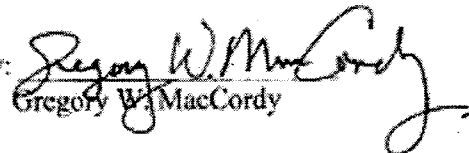
- i. Raymond James account statement for Jay Peak Hotel Suites LP 2, account number [REDACTED]6370, dated June 16 to June 30, 2008; noting that this account statement corresponds to the Client Agreement in Item i above. Bates numbers RJA-Quiros001734 - RJA-Quiros001765.
- m. Raymond James account statement for Jay Peak Hotel Suites LP 2, account number [REDACTED]6370, dated February 6 to February 27, 2009; noting that this account statement corresponds to the Client Agreement in Item h above. Bates numbers SEC-RJAE-0004255 - SEC-RJA-E-0004258.
- n. Client Agreements Jay Peak Inc. dated February 29, 2012; account number [REDACTED]2589. RJA-Quiros003322 - RJA-Quiros003326.
- o. Raymond James account statements for Jay Peak Inc. account number [REDACTED]2589. One page each of monthly statements for the period February 28, 2012 to March 28, 2014 documenting the charging of margin loan interest to the Jay Peak Inc. account. Bates numbers all beginning with RJA-Quiros-00 and ending with numbers 4686, 4691, 4697, 4701, 4705, 4711, 4715, 4721, 4727, 4731, 4735, 4741, 4745, 4749, 4755, 4764, 4772, 4784, 8596, 8604, 8612, 8620, 8629, 8647, and 9921.
- p. Raymond James account statements for Jay Peak Hotel Suites L.P. account number [REDACTED]50726. One page each documenting the charging of margin loan interest to the Jay Peak Hotel Suites L.P. account for the periods: April 30, 2009 to December 31, 2009 with bates numbers all beginning with JPI 000 ending in 229, 233, 244, 248, 252, 255, 260, and 263; and February 26, 2010 to March 30, 2012 with bates numbers all beginning with JPI 000 ending in 276, 279, 283, 287, 291, 295, 299, 304, 307, 312, 315, 319, 323, 327, 339, 343, 347, 351, 356, 359, 363, and 371; and bates numbers RJA-Quiros002748.
- q. Chittenden Trust account statement for Jay Peak Hotel Suites LP dated June 20, 2008, account number [REDACTED]1221, documenting two wire

transfers of funds (\$8,000,000 and \$3,000,000) to Jay Peak Hotel Suites LP's account at Raymond James, account ██████████0698. Bates numbers SEC-PUB-P-0001390 - SEC-PUB-P-0001391.

- r. Raymond James account statement for Jay Peak Hotel Suites LP dated May 21 to June 30, 2008, account ██████████0698, documenting receipt of two wire transfers of funds (\$8,000,000 and \$3,000,000) to Jay Peak Hotel Suites LP's account at Chittenden Trust. Bates numbers RJA-Quiros001336 - RJA-Quiros001339.
- s. Partnership Agreement of Phase IV (JPI 030729 - JPI 030763).
- t. Limited Partnership Agreement of Phase VII (Bates numbers AnC Bio 000087 - AnC Bio 000120) and Limited Partnership Agreement included in amended Phase VII Offering Materials (Bates numbers AnC Bio 006767 - AnC Bio 006800).
- u. Partnership Agreement of Phase V (Bates numbers JPI 000492393 - JPI 000493637).
- v. Partnership Agreement of Phase VI (Bates numbers JPI 004634 - JPI 004668).
- w. Partnership Agreement of Phase III (Bates numbers JPI 002069 - JPI 002103).
- x. Agreement of Limited Partnership of Phase I (Bates numbers JPI 001642 - JPI 001676).
- y. Partnership Agreement of Phase II (Bates numbers JPI 001796 - JPI 001829).
- z. Declaration of Mark Dec, Accountant, U.S. Securities and Exchange Commission, dated April 6, 2016.
- aa. Account Statement for Jay Peak Hotel Suites LP, Chittenden (A division of People's United Bank) (Bates number JPI 029398).

I declare under penalty of perjury that the foregoing is true and correct.

Executed on this 8th day of April
2016

By: 
Gregory W. MacCordy